# China Uptown Group Company Limited
# 中國上城集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2330)**

## ANNUAL RESULTS
## FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the "Board") of directors (the "Directors") of China Uptown Group Company Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS
*For the year ended 31 December 2014*

| | *NOTES* | **2014** **RMB'000** | 2013 RMB'000 (Restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Turnover | *3* | **11,108** | 575,871 |
| Cost of sales | | **(10,890)** | (353,637) |
| Gross profit | | **218** | 222,234 |
| Other operating income | *3* | **1,349** | 562 |
| Change in fair value of convertible bonds | | **–** | (11,833) |
| Loss on early redemption of a convertible bond | | **–** | (7,333) |
| Gain on bargain purchase | | **2,822** | – |
| Gain on disposal of subsidiaries | | **–** | 92,855 |
| Settlement of a legal claim | | **–** | (4,746) |
| Selling and distribution costs | | **(3,725)** | (5,143) |
| Administrative expenses | | **(15,430)** | (17,969) |
| Finance costs | | **(227)** | (5,746) |
| (Loss) profit before tax | | **(14,993)** | 262,881 |
| Income tax expense | *5* | **(28)** | (111,857) |
| (Loss) profit for the year from continuing operations | | **(15,021)** | 151,024 |
| **Discontinued operations** | | | |
| Profit for the year from discontinued operations | *6* | **64,940** | 28,878 |
| Profit for the year | *7* | **49,919** | 179,902 |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS** *(Continued)*
*For the year ended 31 December 2014*

| | *NOTE* | **2014** **RMB'000** | 2013 *RMB'000* *(Restated)* |
|---|---|---|---|
| (Loss) profit for the year attributable to owners of the Company | | | |
| – from continuing operations | | **(14,748)** | 128,570 |
| – from discontinued operations | | **64,940** | 28,878 |
| Profit for the year attributable to owners of the Company | | **50,192** | 157,448 |
| (Loss) profit for the year attributable to non-controlling interests | | | |
| – from continuing operations | | **(273)** | 22,454 |
| – from discontinued operations | | **–** | – |
| (Loss) profit for the year attributable to non-controlling interests | | **(273)** | 22,454 |
| | | **49,919** | 179,902 |
| **(Loss) earnings per share** | *9* | | |
| From continuing and discontinued operations | | | |
| Basic | | **RMB5.33 cents** | RMB16.72 cents |
| Diluted | | **RMB3.76 cents** | RMB11.78 cents |
| From continuing operations | | | |
| Basic | | **RMB(1.57) cents** | RMB13.66 cents |
| Diluted | | **RMB(1.57) cents** | RMB9.62 cents |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2014*

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | *(Restated)* |
| **Profit for the year** | **49,919** | 179,902 |
| Other comprehensive income (expense) | | |
| **Item that may be reclassified subsequently to profit or loss:** | | |
| Exchange differences arising on translation of financial statements of foreign operations: | | |
| – Exchange gain arising during the year | **762** | 10,774 |
| – Reclassification of cumulative translation reserve upon disposal of subsidiaries to profit or loss | **(32,854)** | (33,218) |
| Other comprehensive expense for the year | **(32,092)** | (22,444) |
| Total comprehensive income for the year | **17,827** | 157,458 |
| Total comprehensive income (expense) for the year attributable to: | | |
| Owners of the Company | **18,100** | 135,004 |
| Non-controlling interests | **(273)** | 22,454 |
| | **17,827** | 157,458 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2014*

| | NOTES | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **17,277** | 28,435 |
| Investment properties | | **–** | 179,800 |
| Prepaid lease payments | | **–** | 228 |
| Available-for-sale investments | | **–** | – |
| | | **17,277** | 208,463 |
| **Current assets** | | | |
| Inventories | | **–** | – |
| Properties under development | | **1,065,571** | – |
| Trade, bills and other receivables | *10* | **22,667** | 4,198 |
| Refundable deposit paid for a possible acquisition | | **–** | 140,000 |
| Prepaid lease payments | | **–** | 6 |
| Held-to-maturity investments | | **–** | – |
| Held-for-trading investments | | **50** | 63 |
| Income tax recoverable | | **3,294** | 178 |
| Restricted bank deposit | | **7,652** | – |
| Bank balances and cash | | **231,700** | 179,013 |
| | | **1,330,934** | 323,458 |
| **Current liabilities** | | | |
| Trade and other payables | *11* | **64,227** | 9,088 |
| Consideration payable | | **50,000** | – |
| Dividend payables | | **34,154** | – |
| Secured bank borrowings | | **252,415** | 7,018 |
| | | **400,796** | 16,106 |
| **Net current assets** | | **930,138** | 307,352 |
| **Total assets less current liabilities** | | **947,415** | 515,815 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
*As at 31 December 2014*

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Capital and reserves** | | |
| Ordinary share capital | **88,424** | 88,424 |
| Convertible redeemable preference shares | **152,006** | 152,006 |
| Reserves | **244,956** | 260,709 |
| **Equity attributable to owners of the Company** | **485,386** | 501,139 |
| **Non-controlling interests** | **24,494** | (4,328) |
| **Total equity** | **509,880** | 496,811 |
| **Non-current liabilities** | | |
| Secured bank borrowings | **360,000** | – |
| Deferred taxation | **77,535** | 19,004 |
| | **437,535** | 19,004 |
| | **947,415** | 515,815 |

*Notes:*

## 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which includes HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the HKICPA.

| | |
|---|---|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Investment Entities |
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKAS 36 | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to HKAS 39 | Novation of Derivatives and Continuation of Hedge Accounting |
| HK(IFRIC)* – Int 21 | Levies |

* HK(IFRIC) represents the Hong Kong (IFRS Interpretations Committee)

***Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities***

The Group has applied the amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

***Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities***

The Group has applied the amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

***Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets***

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

***Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting***

The Group has applied the amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

***HK(IFRIC) – Int 21 Levies***

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

***New and revised HKFRSs issued but not yet effective***

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 9 (2014) | Financial Instruments[4] |
| HKFRS 15 | Revenue from Contracts with Customers[3] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception[2] |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations[2] |
| Amendments to HKAS 1 | Disclosure Initiative[2] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation[2] |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants[2] |
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions[1] |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements[2] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010 – 2012 Cycle[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011 – 2013 Cycle[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012 – 2014 Cycle[2] |

[1] Effective for annual periods beginning on or after 1 July 2014.

[2] Effective for annual periods beginning on or after 1 January 2016.

[3] Effective for annual periods beginning on or after 1 January 2017.

[4] Effective for annual periods beginning on or after 1 January 2018.

***HKFRS 9 (2014) Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. A finalised version of HKFRS 9 issued in 2014 has incorporated all the requirements of HKFRS 9 that were issued in previous year and mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 (2014) are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 (2014) requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

***HKFRS 15 Revenue from Contracts with Customers***

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

***Amendments to HKAS 1 Disclosure Initiative***

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the consolidated financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the consolidated financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its consolidated financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

***Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception***

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. As the Company does not have any investments in investment entities, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

***Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations***

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 Impairment of Assets regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKFRS 11 will have a material impact on the Group's consolidated financial statements.

***Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation***

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

***Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants***

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

***Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions***

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

***Amendments to HKAS 27 Equity Method in Separate Financial Statements***

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost

- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9), or

- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards.

The directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

***Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a join venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

*Annual Improvements to HKFRSs 2010-2012 Cycle*

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

*Annual Improvements to HKFRSs 2011-2013 Cycle*

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

***Annual Improvements to HKFRSs 2012-2014 Cycle***

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held or distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

## 3. TURNOVER AND OTHER OPERATING INCOME

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers less sales related taxes.

An analysis of the Group's turnover for the year from continuing operations is as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | *(Restated)* |
| **Turnover** | | |
| Sales of automation products and electronic components | **–** | 33,733 |
| Sales of properties | **–** | 542,138 |
| Sales of raw sugar | **11,108** | – |
| | **11,108** | 575,871 |
| **Other operating income** | | |
| Bank interest income | **224** | 406 |
| Gain on disposal of property, plant and equipment | **–** | 110 |
| Change in fair value of held-for-trading investment | **–** | 10 |
| Reversal of impairment loss recognised in respect of trade receivables | **1,098** | – |
| Sundry income | **27** | 36 |
| | **1,349** | 562 |
| **Total revenues** | **12,457** | 576,433 |

## 4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Property investment segment, which was reported in prior year, was discontinued in the current year (details are set out in note 6). Technology segment, which was reported in previous years, was discontinued during the year ended 31 December 2013 (details are set out in note 6). The segment information reported in the below does not include any amounts for these discontinued operations.

Accordingly, the Group's reportable and operating segments under HKFRS 8 are as follows:

Property development – Development of properties in the PRC.

Trading of electronic products – Trading of electronic components, mobile phone modules, automation products.

Trading of raw sugar – Trading of raw sugar.

During the year ended 31 December 2014, the Group has a new reportable segment, trading of raw sugar since it started trading of raw sugar in October 2014.

**(a) Segment revenues and results**

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment:

| | Property development | | Trading of electronic products | | Trading of raw sugar | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| | | | | | | | | *(Restated)* |
| **Continuing operations** | | | | | | | | |
| Turnover | **–** | 542,138 | **–** | 33,733 | **11,108** | – | **11,108** | 575,871 |
| Segment (loss) profit | **(5,254)** | 215,761 | **400** | (9,630) | **159** | – | **(4,695)** | 206,131 |
| Change in fair value of convertible bonds | | | | | | | **–** | (11,833) |
| Change in fair value of held-for-trading investments | | | | | | | **(13)** | 10 |
| Loss on early redemption of a convertible bond | | | | | | | **–** | (7,333) |
| Gain on bargain purchase | | | | | | | **2,822** | – |
| Gain on disposal of subsidiaries | | | | | | | **–** | 92,855 |
| Settlement of a legal claim | | | | | | | **–** | (4,746) |
| Bank interest income | | | | | | | **224** | 406 |
| Gain on disposal of property, plant and equipment | | | | | | | **–** | 110 |
| Unallocated corporate expenses | | | | | | | **(13,104)** | (6,973) |
| Finance costs | | | | | | | **(227)** | (5,746) |
| (Loss) profit before tax | | | | | | | **(14,993)** | 262,881 |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss/profit represents the loss/profit of each segment without allocation of change in fair value of convertible bonds, change in fair value of held-for-trading investments, loss on early redemption of a convertible bond, gain on bargain purchase, gain on disposal of subsidiaries, settlement of a legal claim, bank interest income, gain on disposal of property, plant and equipment, unallocated corporate expenses (i.e. central administration costs and directors' emoluments) and finance costs. This is the measure reported to the chief operating decision makers (i.e. board of directors) of the Group for the purposes of resource allocation and performance assessment.

**(b) Revenue from major products and services**

The Group's revenue from continuing operations from its major products and services were as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | *(Restated)* |
| Sales of automation products and electronic components | **–** | 33,733 |
| Sales of properties | **–** | 542,138 |
| Sales of raw sugar | **11,108** | – |
| | **11,108** | 575,871 |

**(c) Geographical information**

For the year ended 31 December 2014, 100% (2013: 100%) of the Group's revenue and assets were derived from customers and operations based in the PRC including Hong Kong (country of domicile) and accordingly, no further analysis of the Group's geographical information is disclosed.

**(d) Information about major customers**

Turnover from customers of the corresponding years contributing over 10% of total turnover of the Group are as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Customer I | **11,108**[1] | N/A* |

[1] Turnover from sales of raw sugar.

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 5. INCOME TAX EXPENSE

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | *(Restated)* |
| **Continuing operations** | | |
| Current tax: | | |
| PRC Enterprise Income Tax | | |
| Provided for the year | – | 60,268 |
| Over-provision in prior years | – | (1,071) |
| | – | 59,197 |
| PRC Land Appreciation Tax ("LAT") *(Note c)* | – | 53,965 |
| Deferred taxation | | |
| – Current year | **28** | (1,305) |
| | **28** | 111,857 |

*Notes:*

(a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years ended 31 December 2014 and 2013.

No provision for Hong Kong Profits Tax has been made for year ended 31 December 2014 since the assessable profit is wholly absorbed by tax losses brought forward. For the year ended 31 December 2013, no provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit subject to Hong Kong Profits Tax.

(b) Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries of the Company was 25% for both years.

(c) The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at progressive rates ranging from 30% to 60% on the appreciation value, with certain allowable deductions including land costs and the relevant property development expenditures. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

The income tax expense for the year can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss as follows:

| | **2014**<br>***RMB'000*** | 2013<br>*RMB'000*<br>*(Restated)* |
|---|---|---|
| (Loss) profit before tax (from continuing operations) | **(14,993)** | 262,881 |
| Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned | **(2,813)** | 66,371 |
| LAT | **–** | 53,965 |
| Over-provision in prior years | **–** | (1,071) |
| Tax effect of expenses not deductible for tax purpose | **2,518** | 9,203 |
| Tax effect of income not taxable for tax purpose | **(768)** | (20,967) |
| Utilisation of tax losses previously not recognised | **(26)** | – |
| Withholding tax on undistributed profit of a subsidiary | **–** | 12,403 |
| Tax effect of tax losses not recognised | **1,117** | 900 |
| Tax effect of LAT | **–** | (8,947) |
| Income tax expense | **28** | 111,857 |

## 6. DISCONTINUED OPERATIONS

**Disposal of property investment operation**

On 10 November 2014, the Group entered into a sale agreement to dispose of its entire equity interest in Usualink Development Limited ("Usualink") and a subsidiary of Usualink (collectively referred to as "Usualink Group"), which carried out all of the Group's property investment operation, to an independent third party. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 17 December 2014, on which date control of Usualink passed to the acquirer.

The profit for the year from the discontinued property investment operation is set out below.

The comparative figures in the consolidated statement of profit or loss have been restated to re-present the property investment operation as a discontinued operation.

| | **2014**<br>***RMB'000*** | 2013<br>*RMB'000* |
|---|---|---|
| Profit of property investment operation for the year | **3,177** | 4,636 |
| Gain on disposal of property investment operation for the year | **61,763** | – |
| | **64,940** | 4,636 |

The results of the property investment operation for the period from 1 January 2014 to 17 December 2014, which have been included in the consolidated statement of profit or loss for the period from 1 January 2014 to 17 December 2014, were as follows:

| | From 1 January 2014 to 17 December 2014 *RMB'000* | Year ended 31 December 2013 *RMB'000* |
|---|---|---|
| Turnover | **5,397** | 7,119 |
| Cost of sales | **(1,243)** | (1,620) |
| Gross profit | **4,154** | 5,499 |
| Other operating income | **3,719** | 82 |
| Change in fair value of investment properties | **–** | 4,000 |
| Administrative expenses | **(2,970)** | (3,547) |
| Profit before tax | **4,903** | 6,034 |
| Income tax expense | **(1,726)** | (1,398) |
| Profit for the period/year | **3,177** | 4,636 |

Profit for the period/year from discontinued operation included the following:

| | From 1 January 2014 to 17 December 2014 *RMB'000* | Year ended 31 December 2013 *RMB'000* |
|---|---|---|
| Staff cost | | |
| Salaries, wages and other benefits in kind | **181** | 224 |
| Retirement benefits scheme contributions | **11** | 16 |
| | **192** | 240 |
| Amortisation of prepaid lease payments | **6** | 6 |
| Auditor's remuneration | **–** | – |
| Depreciation of property, plant and equipment | **444** | 716 |
| Interest income | **(3,719)** | (82) |

During the year, Usualink Group contributed approximately RMB1,187,000 (2013: RMB5,762,000) to the Group's net operating cash flows, received approximately RMB8,602,000 (2013: RMB4,025,000) in respect of investing activities and paid approximately RMB175,878,000 (2013: RMB165,680,000) in respect of financing activities.

**Disposal of technology operation**

On 30 April 2013, the Company disposed of its 100% interest in Realtop Limited ("Realtop") and a subsidiary of Realtop (collectively refer to as "Realtop Group") and non-interest bearing shareholder's loan at a consideration of HK$230,000 (equivalent to approximately RMB183,000) to an independent third party not connected to the Group. Upon completion, the Company ceased to hold any interest in Realtop Group. As Realtop Group carried out all of the Group's technology operation, this business segment is presented as discontinued operation.

The result for the year from the discontinued technology operation is set out below.

| | 2013 |
|---|---|
| | *RMB'000* |
| Result of technology operation for the year *(Note)* | – |
| Gain on disposal of technology operation | 24,242 |
| | 24,242 |

*Note:* No turnover derived nor expenses incurred during the year ended 31 December 2013, hence, no statement of profit or loss is presented.

## 7. PROFIT FOR THE YEAR

Profit for the year from continuing operations has been arrived at after charging (crediting):

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | | *(Restated)* |
| Staff cost (including directors' emoluments): | | |
| Salaries, wages and other benefits in kind | **10,191** | 8,746 |
| Retirement benefits scheme contributions | **445** | 419 |
| | **10,636** | 9,165 |
| Auditor's remuneration | **969** | 783 |
| Change in fair value of held-for-trading investments (included in administrative expenses) | **13** | – |
| Cost of inventories recognised as expenses (included in cost of sales) | **10,890** | 353,637 |
| Depreciation of property, plant and equipment | **421** | 541 |
| Exchange loss, net | **25** | 249 |
| Impairment loss recognised in respect of trade receivables (included in administrative expenses) | **–** | 2,828 |
| Impairment loss recognised in respect of inventories (included in cost of sales) | **–** | 2,900 |
| Reversal of impairment loss recognised in respect of inventories (included in cost of sales) | **(386)** | (4,462) |
| Operating lease rentals of equipment | **10** | 9 |
| Operating lease rentals of rental premises | **5** | 33 |

## 8. DIVIDEND

On 31 December 2014, the Board has declared the payment of preference shares dividend at the rate of 3.5% per annum on the amount paid up or credited as paid up, which amounted to HK$42,620,000 (equivalent to approximately RMB33,853,000) (2013: nil).

No dividend was paid or proposed during the year ended 31 December 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

## 9. (LOSS) EARNINGS PER SHARE

**From continuing and discontinued operations**

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Earnings** | | |
| Earnings for the purpose of basic and diluted earnings per share for the year attributable to the owners of the Company | **50,192** | 157,448 |

| | **2014** | 2013 |
|---|---|---|
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **941,454** | 941,454 |
| Effect of dilutive potential ordinary shares: | | |
| Share options issued by the Company *(Note a)* | **–** | – |
| Conversion of convertible redeemable preference shares | **394,737** | 394,737 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **1,336,191** | 1,336,191 |

*Note:*

(a) The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the Company's shares for the year ended 31 December 2014 and 2013.

**From continuing operations**

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to owners of the Company is based on the following data:

(Loss) earnings figures are calculated as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **(Loss) earnings** | | |
| Profit for the year attributable to owners of the Company | **50,192** | 157,448 |
| Less: Profit for the year from discontinued operation | **(64,940)** | (28,878) |
| (Loss) earnings for the purpose of basic and diluted earnings per share for the year attributable to the owners of the Company | **(14,748)** | 128,570 |

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Diluted loss per share was same as the basic loss per share for the year ended 31 December 2014, as the effect of the Company's outstanding convertible redeemable preference shares would result in a decrease in loss per share for the year ended 31 December 2014.

**From discontinued operation**

Basic earnings per share for the discontinued operation is RMB6.90 cents per share (2013: RMB3.07 cents) and diluted earnings per share for the discontinued operation is RMB4.86 cents per share (2013: RMB2.16 cents), based on the profit for the year from the discontinued operation of RMB64,940,000 (2013: RMB28,878,000) and the denominators detailed above for both basic and diluted earnings per share.

## 10. TRADE, BILLS AND OTHER RECEIVABLES

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **8,307** | 9,972 |
| Less: impairment loss recognised | **(6,371)** | (7,292) |
| | **1,936** | 2,680 |
| Bill receivables | **9,271** | – |
| | **11,207** | 2,680 |
| Prepayments, deposits and other receivables | **11,850** | 2,022 |
| Less: impairment loss recognised | **(390)** | (504) |
| | **11,460** | 1,518 |
| | **22,667** | 4,198 |

Customers from the trading segment are normally required to settle the debts within one to two months upon issue of invoices, except for certain well established customers where the terms are extended to two to three months.

Trade receivables from rental income are due for settlement in accordance with the terms of the underlying agreements entered into with the tenants.

The Group does not hold any collateral over these balances.

(a) The following is an aged analysis of trade and bills receivables net of impairment loss recognised presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 60 days | **11,207** | 105 |
| 91 to 365 days | **–** | 2,575 |
| | **11,207** | 2,680 |

(b) Included in the Group's trade receivables balance were debtors with aggregate carrying amount of approximately RMB2,575,000 as at 31 December 2013 (2014: nil) which were past due as at the reporting date for which the Group had not provided for impairment loss. Trade receivables that were neither past due nor impaired as at 31 December 2014 related to a major customer for whom there was no recent history of default. Trade receivables that were neither past due nor impaired as at 31 December 2013 related to a wide range of customers for whom there was no recent history of default.

**Ageing of trade receivables which are past due but not impaired**

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 91-365 days | **–** | 2,575 |

(c) The movements in impairment losses recognised in respect of trade receivables are as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At beginning of the year | **7,292** | 5,172 |
| Exchange realignment | **177** | (157) |
| Eliminated on disposal of subsidiaries | **–** | (551) |
| Recognised during the year | **–** | 2,828 |
| Reversal of impairment loss during the year | **(1,098)** | – |
| At end of the year | **6,371** | 7,292 |

At 31 December 2014, included in the impairment loss are individually impaired trade receivables with an aggregate balance of approximately RMB6,371,000 (2013: RMB7,292,000) which are due to long outstanding.

(d) The movements in impairment losses recognised in respect of other receivables are as follows:

| | **2014** | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| At beginning of the year | **504** | 2,567 |
| Exchange realignment | **9** | (11) |
| Eliminated on disposal of subsidiaries | **(123)** | (2,052) |
| At end of the year | **390** | 504 |

At 31 December 2014, included in the impairment loss are individually impaired other receivables with an aggregate balance of approximately RMB390,000 (2013: RMB504,000) which are due to long outstanding.

## 11. TRADE AND OTHER PAYABLES

| | 2014 | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **13,569** | 5,614 |
| Receipts in advance *(Note iii)* | **44,449** | – |
| Accrued expenses and other payables | **6,209** | 3,474 |
| | **64,227** | 9,088 |

*Notes:*

(i) The Group normally receives credit period from suppliers ranging from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

(ii) An aged analysis of the trade payables at the end of the reporting period based on invoice date is as follows:

| | 2014 | 2013 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 90 days | **10,987** | – |
| 91 to 365 days | **5** | 5,614 |
| Over 365 days | **2,577** | – |
| | **13,569** | 5,614 |

(iii) Receipts in advance represented sales proceeds received from buyers in connection with the Group's pre-sale of properties as at 31 December 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The review of the major business segments of the Group during the year is as follows:

### Property Development

Reference is made to the announcement of the Company dated 25 February 2014 and 29 September 2014 and the circular of the Company dated 19 May 2014, the Company has acquired 100% equity interest of a PRC company which owned 90% equity interest of another PRC company engaged in property development business in Maoming City, Guangdong Province, the PRC (the "Acquisition"). The Acquisition was completed on 28 September 2014.

Subsequent to the disposal of Zhuhai property development project in the first half 2013 and as the Maoming property development project is still in construction and in pre-sale stage, no revenue attributed to the property development segment was recorded (2013: RMB542,138,000).

Phase 1 and 2 of the Maoming property development project will be developed into a composite residential, serviced apartment and commercial properties and are scheduled to be completed in 2016 with total gross floor area of 173,000 square metre. It consists of ten buildings of 28 to 32 floors. The pre-sale has begun since November 2014. As at 31 December 2014, properties of 29,582 square metre were contracted to be purchased.

The construction of Phase 3 of the Maoming property development project is scheduled to be commenced in late 2015 and will be completed in 2017. The planned total gross floor area is approximately 127,000 square metre mainly being residential properties which consist of nine buildings of 32 floors each.

### Property Investment

Property investment business represented the rental income and capital appreciation from investment properties held in the PRC. Reference is made to the announcement of the Company dated 10 November 2014 and 17 December 2014 and the circular of the Company dated 1 December 2014, the Company has disposed Usualink Development Limited which indirectly owned an investment property in Shenzhen (the "Disposal"). The Disposal was completed on 17 December 2014. Upon the completion, the Group ceased to carry any business in the property investment segment.

### Trading

#### *Electronic Components*

Trading of electronic component includes the distribution of electronic related components, mobile phone modules and imported automation products. Amid the weak non-brand mobile phone market in the PRC, no trading business of electronic components was engaged during the year.

During the year ended 31 December 2014, no turnover was attributed to the segment (2013: RMB33,733,000). The Group is taking various measures to diversify the product range and will engage in the business as appropriate when the relevant risks can be mitigated.

***Raw Sugar***

The Group has started its business in trading of raw sugar in late 2014. During the year, it has engaged in trading businesses to procure raw sugars from overseas suppliers and distribute to the customers in the PRC.

During the year ended 31 December 2014, turnover attributed to the trading of raw sugar segment amounted to approximately RMB11,108,000 (2013: nil).

**MARKET OUTLOOK AND PROSPECTS**

During the year, the PRC property market experienced certain difficulties as the result of adjustments on the supply and demand of properties. The price level, especially in tier one city (for example in Shanghai, Shenzhen and Beijing), experienced certain degree of correction and being adjusted to a more reasonable price-level. In the view of the Group's management, the adjustments are beneficial to the property market in long-term. With the relaxation of certain government policies and financial policies regarding the residential property market since the second half of 2014, the management is optimistic on the performance of the property market in 2015.

During 2014, the Group has acquired a property development project in Maoming through an acquisition of a PRC subsidiary. The Group has also disposed of its investment property in Shenzhen to strength its financial position which the cash generated will be used for its existing property project in Maoming and other potential property developments projects. Regarding the property development project in Maoming, the continuous urbanisation in the PRC and completion of the Western Guangdong Express Rail Link and Western Guangdong Province Airport will substantially increase the demand in the property market in Maoming. As a result, the management believes the pre-sales of the Maoming property which will be carried out throughout 2015, will contribute significantly to the Group's revenue in the coming years.

In 2015, the Group has planned to further diversify its business, including the trading of raw sugar. The Group will continuously negotiate with the PRC customers, market intermediates and global raw sugar suppliers with a view to expand its trading volume in the coming years.

**MATERIAL DISPOSAL**

On 10 November 2014, the Group entered into a sale agreement to dispose of its entire equity interest in Usualink Development Limited ("Usualink") and a subsidiary of Usualink (collectively referred to as "Usualink Group"). The Usualink Group carried out all of the Group's property investment operation. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 17 December 2014, on which date control of Usualink passed to the acquirer. For details, please refer to the announcements of the Company dated 10 November 2014 and 17 December 2014 and the circular of the Company dated 28 November 2014.

**FINANCIAL REVIEW**

For the year ended 31 December 2014, the Group's turnover amounted to approximately RMB11,108,000 (2013: RMB575,871,000). The turnover mainly represented by the trading of raw sugar in the late 2014. In 2013, the turnover was mainly attributable to the recognition of sales of the properties of Zhongzhou Uptown which was a property development project disposed of in the middle of 2013 and thus resulted in a sharp decline in the turnover of the Group.

The profit attributable to owners of the Company was approximately RMB50,192,000 (2013: RMB157,448,000). The profit is mainly attributed to the gain on disposal of the property investment operation for the year as a result of the disposal of Usualink Group, amounted to approximately RMB61,763,000. The profit in 2013 was mainly being the recognition of gain on disposal of a subsidiary engaged in the property development project in Zhuhai amounted to approximately RMB92,855,000.

In 2014, the Group's operating activities generated a net cash outflow of approximately RMB93,243,000 (2013: inflow of RMB189,971,000) which was mainly caused by the development of the Maoming property project amounted to RMB89,313,000 (2013: nil). At 31 December 2014, bank balances and cash was amounted to approximately RMB239,352,000 (2013: RMB179,013,000), including restricted bank deposit of RMB7,652,000 (2013: nil).

At 31 December 2014, the total assets of the Group was approximately RMB1,348,211,000 (2013: RMB531,921,000), representing an increase of approximately 153% as a result of acquisition of the development project in Maoming.

At 31 December 2014, the Group's total borrowings increased to approximately RMB612,415,000 (2013: RMB7,018,000) due to the acquisition of the development project in Maoming. At 31 December 2014, the gearing ratio, expressed as a percentage of total borrowings over net assets was 120% (2013: 1%). The current ratio was 3.3 (2013: 20).

**FINANCE COSTS**

For the year ended 31 December 2014, the finance costs were approximately RMB227,000 (2013: RMB5,746,000) and interest expenses of approximately RMB18,858,000 (2013: nil) was capitalised as properties under development. The charge mainly comprised of interest expenses on bank borrowings wholly repayable within five years of approximately RMB227,000 (2013: RMB268,000). For the year ended 31 December 2013, interest expenses mainly being the interests on convertible bonds of approximately RMB4,641,000 (2014: nil) which has already redeemed in 2013.

**CAPITAL STRUCTURE**

The issued ordinary share capital of the Company at 31 December 2014 was approximately HK$94,145,000 divided into 941,453,683 shares of HK$0.10 each. At 31 December 2014 and 2013, the issued convertible redeemable preference shares was HK$27,500,000 divided into 275,000,000 shares of HK$0.10 each and the convertible redeemable preference A shares was HK$10,000,000 divided into 100,000,000 shares of HK$0.10 each.

**FOREIGN CURRENCY EXPOSURE**

The Group mainly earns revenues and incurs costs in Renminbi, United States dollars and Hong Kong dollars. The Group's monetary assets and liabilities are denominated in Renminbi, United States dollars and Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

## CHARGE ON ASSETS

At 31 December 2014, certain of the Group's leasehold land and buildings and properties under development with an aggregate net carrying value of approximately RMB1,082,057,000 (2013: certain of the Group's leasehold land and buildings with an aggregate net carrying value of approximately RMB16,471,000) were pledged to banks for securing general banking facilities granted to certain subsidiaries of the Company. At 31 December 2014, bank facilities of approximately RMB612,415,000 (2013: RMB7,018,000) were utilised and approximately RMB8,420,000 (2013: RMB13,114,000) were unutilised and available for the Group's future financing.

## SEGMENT INFORMATION

The details of segment information are set out in Note 4 of this announcement.

## CAPITAL COMMITMENTS

At 31 December 2014, the Group had commitments for properties under development contracted for but not provided in the financial statements of approximately RMB321,259,000 (2013: nil).

## EMPLOYEE AND REMUNERATION POLICIES

At 31 December 2014, the Group employed 66 full time employees (2013: 16) in Hong Kong and the PRC. The Group's emolument policies are formulated on the basis of market trends, future plans and the performance of individuals, which will be reviewed periodically. Apart from provident fund scheme and state-managed social welfare scheme, share options will also be awarded to employees according to assessment of individuals' performance.

## LITIGATIONS AND CONTINGENT LIABILITIES

On 31 January 2013, an indirectly wholly-owned subsidiary, 德維森實業(深圳)有限公司 ("Techwayson") received a writ of summons from 廣東國暉律師事務所 in relation to the full payment of a legal fee of RMB18,000,000 for the professional services rendered for the investigation of an investment in the Trust Company.

On 14 October 2014, the Group has received a civil judgement issued by 廣東省深圳市南山區人民法院. Pursuant to the judgement, all the claims are dismissed. Details are set out in the announcement of the Company dated 4 November 2014.

## DIVIDEND

Reference is made to the announcement of the Company dated 10 November 2014 and 31 December 2014 and the circular of the Company dated 1 December 2014, on 31 December 2014, the Board has declared the payment of preference shares dividend at the rate of 3.5% per annum on the amount paid up or credited as paid up, which amounted to HK$42,620,000 (equivalent to approximately RMB33,853,000) (2013: nil).

The Board does not recommend any payment of dividend for the year ended 31 December 2014.

## CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Throughout the year under review, the Company has complied with all of the Code Provisions of the CG Code except A.6.7 and E.1.2.

Under the Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting and he should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In addition, under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. During the year ended 31 December 2014, on the extraordinary general meeting held on 16 December 2014, the whole Board have attended the meeting to answer questions of the shareholders of the Company except that Mr. Liu Feng (chairman of the Board), Mr. Chen Xian, Mr. Poon Lai Yin, Michael (chairman of audit committee) and Mr. Chan Chun Fai (chairman of nomination committee) could not attend the meeting due to other business engagement but they have appointed the other attended Directors as their representative at the meeting to answer questions of the shareholders of the Company. In the future, the Company will try its best to encourage and ensure the independent non-executive Directors will attend the general meetings.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with the required standard set out in the Model Code during the year under review.

## PURCHASES, SALE AND REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

## AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The audit committee currently comprises Mr. POON Lai Yin, Michael (Chairman), Mr. CHAN Chun Fai and Mr. NG Kwok Chu, Winfield. The audit committee has reviewed and discussed with the management and the external auditors the financial reporting matters including the annual results for the year ended 31 December 2014.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing at the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and at the website of the Company at www.chinauptown.com.hk. The annual report will be dispatched to the shareholders of the Company and published on the above websites as soon as practicable.

By Order of the Board
**China Uptown Group Company Limited**
**Fu Lui**
*Company Secretary*

Hong Kong, 27 March 2015

*As at the date of this announcement, the Board comprises Executive Directors, Mr. Liu Feng, Mr. Chen Xian, Mr. Lau Sai Chung and Ms. Xia Dan and Independent Non-executive Directors, Mr. Poon Lai Yin, Michael, Mr. Ng Kwok Chu, Winfield and Mr. Chan Chun Fai.*